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Fitch affirms QIIB rating at 'A'

QNA
Doha

Fitch Ratings has affirmed QIIB's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'A' and its Short-Term IDR at 'F1', while maintaining the bank on Rating Watch Negative (RWN).

In its latest commentary, the rating agency clarified that placing QIIB on RWN is not driven by any idiosyncratic factors related to the bank's financial performance, linked to broader regional risks and pressures currently impacting the overall operating environment. Fitch emphasised that QIIB's creditworthiness is anchored by a solid sovereign baseline, driven by a strong and continuous probability of government support if needed.

This is reflected in the bank's Government Support Rating (GSR) of 'A', backed by the State of Qatar's exceptionally strong fiscal position, substantial reserves, and large net foreign assets.

Fitch also highlighted QIIB's intrinsic strengths, including its deeply rooted franchise in the domestic market as one of the key pillars of stable Islamic banking. The agency lauded the bank's standalone and operational metrics, noting that QIIB is characterised by solid asset quality, expanding profitability, and robust, sustainable liquidity levels.

A clear competitive advantage for QIIB over its domestic peers, Fitch noted, is its low and limited reliance on foreign and non-resident funding, which effectively insulates the bank from global market volatility and enhances its financial stability.

Fitch specifically highlighted the decline in the bank's non-performing financing (NPL) ratio to 2.6% at the end of the first quarter of 2026, down from 2.9% recorded at year-end 2025, supported by active recoveries and financing portfolio growth.

Commenting on Fitch's affirmation of QIIB's ratings, Chief Executive Officer of QIIB, Dr Abdulbasit Ahmed al-Shaibei stated, "Fitch Ratings' affirmation of QIIB's advanced rating at 'A' serves as renewed tangible proof



Fitch has emphasised that QIIB's creditworthiness is anchored by a solid sovereign baseline, driven by a strong and continuous probability of government support if needed. **PICTURE:** QNA

of the bank's structural resilience and the efficacy of the proactive strategies we deploy to navigate various economic developments, tied to geopolitical conditions. That underscores the strong correlation between our bank's robust performance and the solid economic umbrella of the State of Qatar, which possesses exceptional financial capabilities and solvency to safeguard and support the banking sector under all circumstances."

Qatar Chamber organises training programme on e-commerce

Qatar Chamber recently concluded a specialised training programme on e-commerce, drawing active participation from local business owners, entrepreneurs, and professionals interested in digital transformation.

The programme covered a range of topics designed to enhance participants' operational expertise in the digital marketplace.

Key areas of focus included the core fundamentals of e-commerce, online store management, high-impact digital marketing strategies, and proven methods for optimising sales through online platforms. Additionally, the sessions highlighted the latest global trends and best practices shaping the rapidly evolving digital commerce sector.

The training forms part of Qatar Chamber's ongoing commitment to fostering a robust business environment, promoting a culture of digital innovation, and empowering entrepreneurs to fully capitalising on the vast opportunities within the digital economy.

Furthermore, the programme aligns with the chamber's strategy to develop national talent and bolster the private sector's capacity to keep pace with accelerating global technological shifts—ultimately enhancing the competitiveness of Qatari enterprises and supporting their expansion across local, regional, and international markets.



The specialised training programme on e-commerce covered a range of topics designed to enhance participants' operational expertise in the digital marketplace.

SpaceX inks \$30bn computing power deal with Google through June 2029

Alphabet Inc's Google has agreed to pay Elon Musk's SpaceX \$920mn a month for computing power as part of a cloud services deal that runs through mid-2029, its second such agreement with an AI competitor in a matter of weeks, reports Bloomberg.

Google will pay SpaceX the monthly fee from October this year through June 2029, SpaceX said in the filing Friday. That amounts to about \$30bn through the time of the agreement. If SpaceX fails to deliver access to Nvidia Corp chips as part of the deal by September 30, Google has the right to terminate the contract, with a one-month grace period, the filing shows.

A Google Cloud spokesperson said the deal would help the company meet demand for its AI services. In its most recent earnings report, Alphabet said Google Cloud's backlog — the measure of contracted work that hasn't been recorded as revenue yet — nearly doubled from the prior quarter to more than \$460 bn.

"This is a short-term, timely agreement to ensure we have bridge capacity to meet surging customer demand for our agent platform, Gemini Enterprise, which has been even higher than we expected," the Google spokesperson said in a statement.

Qatar's resilience amid global shifts seen drawing foreign business focus

By Peter Alagos
Business Editor

Qatar's position as a regional business destination has held firm through a period of significant global economic change, the Italian Chamber of Commerce in Qatar said ahead of the next edition of Back 2 Business, scheduled in Doha on Wednesday.

"In a period marked by significant global economic transformation, the event highlights Qatar's continued resilience and its strategic role as a stable and dynamic business hub in the region. It provides a platform for open dialogue, long-term cooperation, and cross-sector partnerships," Palma Libotte, president of the Italian Chamber of Commerce in Qatar, stated.

Libotte explained that Doha's hosting of this year's edition of Back 2 Business reaffirms its position as "the largest international business networking platform in Qatar," with a history spanning nearly 20 years.

"Having witnessed Qatar's remarkable transformation over the past 20 years, I can confidently say that Back 2 Business has consistently proven to be a high-level networking platform, widely appreciated by both the international and Qatari business communities. It continues to serve as a meaningful bridge for dialogue, collaboration, and long-term partnerships in an ever-evolving market," Libotte told *Gulf Times* yesterday.

Ilef Ajra, country representative for the German Industry and Commerce Office in Qatar (AHK Qatar), said such platforms carry implications beyond the networking room itself.

"Events such as Back 2 Business play a key role in strengthening Qatar's position as a global business hub by enabling foreign companies to actively contribute to national development through investment, expertise sharing, and long-term collaboration," noted Ajra in a statement to this paper.



Back 2 Business – which the Italian Chamber of Commerce is organising in collaboration with the American, German, French, and Spanish Chambers of Commerce, as well as the German and Dutch Business Councils – has run for close to two decades and is regarded as "the largest international business networking platform in Qatar"

Ajra added that the event embodies a broader economic vision: "Back 2 Business reflects a long-term vision of partnership, where international expertise and local ambition meet to create sustainable growth and reinforce Qatar's diversified economy."

Jose Antonio Vicente, president of the Chamber of Commerce of Spain in Qatar, also emphasised that the chambers themselves serve a structural function in translating foreign interest into tangible local outcomes.

"Chambers of commerce act as essential bridges between international companies and the local ecosystem, creating structured platforms where partnerships are built, and synergies are transformed into real economic impact for Qatar," Vicente stated.

He further noted that the participation of stakeholders from both the public and private sectors within the same setting produces a quality of dialogue that is difficult to replicate elsewhere.

"By bringing together key stakeholders from both the public and private sectors, these initiatives foster meaningful dialogue that strengthens trust, en-

courages collaboration, and supports sustainable business development in Qatar," he added.

CCI France Qatar managing director Sandrine Lescaurou said the format of events like Back 2 Business accelerates what would ordinarily take considerably longer through conventional business channels.

"High-level networking platforms like Back 2 Business allow decision-makers to meet in a focused environment, where strategic synergies can be identified quickly and turned into concrete opportunities for growth and cooperation," she stated.

She noted that the direct exchange of market intelligence is equally valuable for foreign investors still finding their footing. "One of the greatest values of such events is the direct exchange of market insights and updates, helping foreign investors better understand the Qatari market and align their strategies with its evolving economic landscape," Lescaurou added.

Back 2 Business, which the Italian Chamber of Commerce organises in collaboration with the American, German, French, and Spanish Chambers of Commerce, as well as the German and Dutch Business Councils, has run for close to two decades and is regarded as "the largest international business networking platform in Qatar," stated Libotte, who added that LIFE, the global network of Lebanese professionals in the diaspora, is also supporting the event.

Wednesday's edition features a 'Speed Networking Session' and a 'Market Experts Section', where selected industry leaders host sector-specific tables and lead structured one-to-one meetings. Participation in the speed networking segment is limited to senior-level profiles: CEOs, general managers, presidents, and directors.

Sectors represented at the Market Experts tables include food and agriculture, exhibitions and events, retail, asset management, facility management, legal services, artificial intelligence, insurance, corporate services, human capital advisory, and logistics.

Doha to host Islamic Finance Conference on June 16

Doha is set to host the 12th Islamic Finance Conference under the theme 'Islamic Finance in the Age of Agentic Systems' on June 16 at the Al Majlis Hall of the Sheraton Grand Doha Resort & Convention Hotel.

Dr Khalid bin Ibrahim al-Sulaiti, chairman of the Organising Committee and vice chairman of Bait Al-Mashura Finance Consultations, said: "This year's conference is being held amid significant geopolitical tensions and challenges across the region. Nevertheless, the Islamic finance sector has proven its remarkable resilience and adaptability.

"Islamic financial institutions are characterised by high-quality assets, strong capitalisation, and healthy liquidity levels, while maintaining rigorous risk-mitigation frameworks. This provides protection against geopolitical shocks and enhances their ability to navigate challenges and turn crises into opportunities." Citing S&P Global Ratings, al-Sulaiti said the

global Islamic finance industry is projected to grow by 5%-10% in 2026, with growth expected to accelerate further in 2027. Data from the Islamic Financial Services Board (IFSB) indicates that global Islamic finance assets expanded by 13.4% year-on-year to reach \$4.4tn in 2025. The industry recorded a compound annual growth rate (CAGR) of 10.3% between 2020 and 2025, reflecting a \$1.7tn addition to the Islamic finance industry since 2020.

"Despite the geopolitical challenges facing the sector, sukuk issuance activity and the growth of Islamic banking assets have remained robust. Markets have continued to absorb demand, driven by the participatory nature of Islamic finance and the real assets underpinning its financing structures," al-Sulaiti said.

Organised by Bait Al-Mashura Finance Consultations, the conference is supported by the

Ministry of Commerce and Industry (MoCI) as Official Sponsor, Dukhan Bank as Strategic Partner, the General Directorate of Endowments at the Ministry of Endowments and Islamic Affairs as Diamond Sponsor, the Qatar Financial Centre (QFC) as Gold Sponsor, and Damaan Islamic Insurance Company (Beema) as Bronze Sponsor.

Al-Sulaiti said the first theme of the conference, 'Islamic Financial Institutions and the Application of Agentic Systems', will focus on the applications of AI agentic systems in the financial sector, Shariah rulings related to these systems, alongside reviewing the legal framework governing the operation of AI agents in Islamic finance.

The theme will also explore automated agent trading and smart sukuk, highlighting the investment opportunities they offer and the challenges they pose. In addition, it will address the design of intertwined agentic sys-

tems integrated with neural networks, as well as the neuro-inspired agentic AI systems and its potential impact on the future of Islamic finance industry.

The second theme, 'The Evolution of Waqf under Agentic AI Systems', will explore the Shariah principles and objectives governing the management of waqf by AI agents, while examining the role of AI agents in managing and investing endowments.

It will also address smart crowdfunding tools as an innovative model within the sharing economy and examine crypto asset-based crowdfunding through real-world case studies, aiming to modernise the institutional framework governing waqf organisations and maximise their developmental and charitable impact through the integration of autonomous technologies.

The third theme, 'Virtual Influencers and Islamic Finance', will explore the virtual influ-



Dr Khalid bin Ibrahim al-Sulaiti, chairman of the Organising Committee and vice chairman of Bait Al-Mashura Finance Consultations.

encer market and analyse its rapidly growing trends, while highlighting the Shariah and legal regulations governing the work of virtual influencers.

The fourth and final theme, 'Zakat and Development in the Agentic AI Systems Environment', will focus on the role of AI agentic systems in analysing zakat data and automated decision-making to ensure the highest levels of transparency and fairness.

Opec+ agrees another symbolic quota hike for July

Bloomberg
London

Major Opec+ members agreed another modest symbolic increase to their oil output quotas for July, even as a blockage of exports from the Arabian Gulf prevents most of them from implementing it.

Seven nations led by Saudi Arabia and Russia will raise their collective target by 188,000 barrels a day next month, continuing the process – if only on paper – of restarting production halted several years ago, the Organization of the Petroleum Exporting Countries said in a statement on Sunday after a video conference.

With the Strait of Hormuz largely closed by the Iran war and Middle East producers forced to cut output, the Opec+ decision remains theoretical for the time being. It could become relevant again when the waterway reopens, with buyers clamoring for barrels to replenish the world's depleted oil inventories.

"At this stage we are basically talking about hypothetical future scenarios with the bulk of the barrels stranded," said Helima Croft, head of commodity-markets strategy at RBC Capital Markets LLC.

While Russian shipments aren't directly affected by the war, its crude production has also been challenged, falling to a 10-month low in May as Ukraine intensified strikes on its oil infrastructure.

While a surge in US supply and diminished Chinese buying have prevented crude oil prices from spiraling out of control so far, fu-



With the Strait of Hormuz largely closed by the Iran war and Middle East producers forced to cut output, the Opec+ decision remains theoretical for the time being

els like gasoline, diesel and jet fuel have nevertheless surged during the conflict.

That's squeezing consumers worldwide and heightening the risk of an economic downturn. Still, markets haven't rallied as much as feared while China dials back imports, major consumers tap emergency stockpiles and US President Donald Trump repeatedly signals an imminent peace deal.

The group's next meeting will be on July 5. The video conference was one of four online meetings scheduled for Sunday.

These included the first administrative gathering for core Opec ministers since last month's surprise exit of long-time member the United Arab Emirates. There were also talks between the wider Opec+ alliance, and a session for its advisory body, the Joint Ministerial Monitoring Committee.

The UAE announced its separ-

ture from the organization effective May 1, ending six decades of membership. Abu Dhabi had long been frustrated that Opec's quotas prevented it from deploying new investments in production capacity.

For most of the past year, key Opec+ nations had been restoring output halted several years ago, when the alliance was trying to stave off a surplus and shore up prices. They've continued the process since the war started, even though the conflict prevents many of them from raising production.

With the quota increase for July, the group will have nominally restored almost 90% of two layers of production halted in 2023. Last month, delegates said the group had a plan to complete that chunk with increases from July to September. Those supplies amounted to 3.85mn barrels a day at the time, though the volume has been reduced slightly as a result of the UAE's exit.

Gulf Air sees travel demand recovering in summer

Bloomberg
Rio de Janeiro

Bahrain's national carrier has predicted travel demand through its hub will recover in coming weeks after the Iran war disrupted passenger flows across the region and forced the airline to halt operations. For July, "we're seeing higher forward bookings week on week than the year before," Gulf Air Chief Executive Officer Martin Gauss said in an interview in Rio de Janeiro. For now, demand into the winter

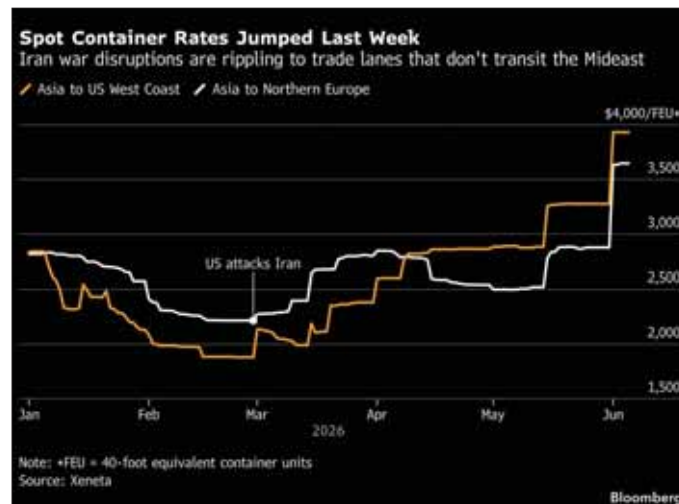
months is at normal levels, he said. Still, load factors are currently down 3% compared with last year. The airline had to stop flying out of the kingdom for 40 days, set up operations in Saudi Arabia and move planes out of Bahrain when the war started and the country was caught up in the line of fire. The airline "has not deliberately reduced prices, because we didn't have to" to attract customers, Gauss said. Fares have ticked up because of higher fuel prices, though the airline doesn't decide ticket pricing based on fuel, "the market

decides on the ticket price," he said. Airlines across the Gulf have started to recover capacity after the airspace over some of the busiest travel hubs in the world reopened. Neighbouring Emirates, the world's largest carrier, has yet to fully rebuild its service and is operating at about 75% of its pre-war capacity. Gauss joined the carrier in November, only a few months before the war started, with a mandate to revive the loss-making airline and introduce a more premium product. He previously ran Air Baltic AS.

Asia-to-US container rates spike 109%

Bloomberg
Singapore

Container shipping rates jumped over the past week amid higher fuel costs, congestion at some Asian ports and a pickup in demand heading into a peak season for booking ocean freight. The spot rate for a 40-foot container to northern Europe from Asia rose to \$3,649 as of Friday, a 27% increase from week earlier, according to Xeneta, an Oslo-based freight platform. The cost to the US West Coast from Asia was up 20%, to \$3,933. The numbers align with Drewry's latest composite reading for several long-haul routes, which also showed short-term rates posting a steep jump over the past week to the highest level in about a year. Xeneta's figures showed rates to the US from Asia are up 109% since the US war with Iran started on February 28, while charges for Europe-bound containers are up more than 50%. Carriers are adding fuel surcharges and forcing importers to shoulder costs tied to the energy crisis. On top of those added fees is tighter capacity heading into busy months for inventory restocking – July and August. Shipments rerouted because of



the blocked Strait of Hormuz are causing backups at Southeast Asian hubs including Singapore and Malaysia's Port Klang, spreading the capacity pressures to trade lanes far from the Arabian Gulf. "Port disruption is toxic for supply chains, especially at transshipments hubs with global significance in Southeast Asia," said Peter Sand, chief analyst with Xeneta. "So this is driving massive market spikes on trades such as the transpacific which does not transit the Middle East." With fears growing that oil prices will stay elevated into the

second half, the rate surge may have more room to run, he said. "The wave of freight rate increases is gathering momentum," Sand said. "If shippers do look to front-load imports, then carriers will look to push rates higher and higher, so the market may yet be far from its peak across trades globally." The surging cost of freight isn't confined to seaborne cargo. The May reading of US transport costs in the monthly Logistics Managers' Index showed the fastest rate of expansion for any metric in the 10-year history of the report.

Bloomberg QuickTake Q&A

Why Ireland distorts the eurozone's GDP numbers

By Olivia Fletcher and Jennifer Duggan

Few countries punch above their weight as much as Ireland does. Culturally, the tiny island nation of just 5mn people boasts award-winning actors such as Cillian Murphy, world renowned brands, and some of the best butter anywhere. Ireland's leader is practically guaranteed a White House meeting with the US president every year on St Patrick's Day. Hundreds of multinationals that set up European hubs in Ireland in exchange for lower corporate taxes have transformed the country's fortunes in recent decades. Record corporate tax receipts have taken Ireland from one of Europe's poorest nations to one of its richest. Not only have those companies bestowed the country with a rare budget surplus, they also distort what's really going on in the domestic economy. The same goes for the overall euro area.

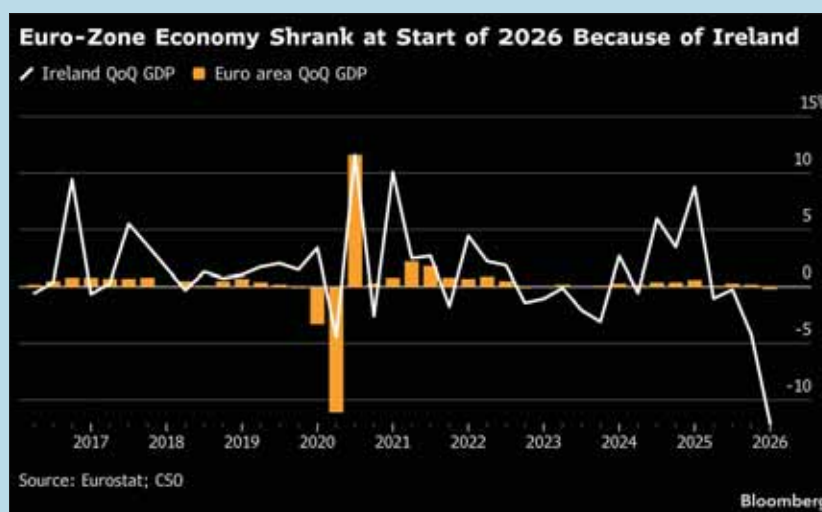
Why does Ireland often distort economic data for the euro area?

Irish gross domestic product is heavily impacted by the concentration of global firms active in the country, including tech giant Apple Inc and pharmaceutical behemoth Eli Lilly & Co. That means the reading is often out of whack with other euro-area member economies, to the extent that it often impacts the figure reported for the entire region.

Take the first quarter of 2026. The eurozone economy shrank 0.2% because of a sharp downward revision of Irish GDP, which fell 12.1%. Excluding Ireland, the bloc's economy actually grew as much as 0.3% in the period. It can go the other way too. If Ireland has a good quarter, it can be a sign that the euro area will also record growth. The Ireland factor adds an element of unpredictability into euroarea readings because the country's GDP is particularly prone to swings.

What causes the swings in Irish GDP?

Generally speaking, any upheaval that impacts a global firm eventually shows up in the Irish figures. Ireland's official statistics office gave no in-depth explanation for revising its reading for the first three months of 2026 from a previous estimate of negative 2%. But it said the record downward restatement was caused by the multinational sector, whose activity contracted by 27.1% in the period. The first-quarter results were a far cry from the 12.5% year-on-year real GDP growth Ireland registered in 2025, as its pharmaceutical firms front-loaded their goods to the US to avoid tariffs threatened by President Donald Trump. "What we're seeing now is a return to normal levels," Finance Minister Simon Harris said after the revision. "My department expects GDP to return to growth across the rest of the year."



Why are there so many multinationals in Ireland anyway?

Ireland hosts the European headquarters of US tech companies including Apple, Meta Platforms Inc and Alphabet Inc. And it's the base of large-scale manufacturing facilities for many giant pharmaceutical companies including Eli Lilly and Pfizer Inc. Working to attract foreign direct investment has been a key part of Ireland's economic strategy since the 1950s. Compelling tax incentives, some controversial and now closed, and a low corporate tax rate played a large part in

its success. The country's well-educated, English-speaking workforce, clear regulation and stable, business-friendly government have helped it maintain its appeal as a location for multinational investment. It is also home to a large number of data centers.

So, is the Irish economy doing OK?

Ireland's small, open economy is doing better than OK. The domestic economy, measured more accurately with a metric that aims to strip out multinational activity, is forecast to grow.

Ireland is reaping billions of euros worth of corporate tax receipts for now. With one of Europe's only budget surpluses, it's the envy of its peers. The Department of Finance has been able to offer citizens generous giveaways in recent years, which many of its European peers can't afford. It's thanks in part to the many multinationals present in the country that Ireland is near full employment, and consumers are still spending.

At the same time, the finance ministry warns about the unpredictability of revenues from taxes on multinationals, describing them as a windfall. There have been fears that US multinationals would restore profits at the request of Trump's administration.

Accordingly, the treasury is funneling proceeds from the multinationals into a sovereign wealth fund, which it aims to expand to €100bn (\$115bn) by 2035. It's a fiscal insurance policy that would provide a buffer if multinationals were to exit Ireland in a way that hurt. That's not an unfounded concern. Just three firms account for almost half of corporate tax receipts, so it would be devastating if even one were to go.

The biggest problem Ireland's economy faces is limits to its growth because of capacity issues. It's behind on investing in infrastructure such as the energy grid, the water system and housing. This is perhaps the biggest gripe the multinationals have with Ireland's government, and they are lobbying hard to get the problems fixed.

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Gulf tourism faces its hardest test since Covid

Tourism has been a success story in the Gulf, so the US-Iran war has hit hard. But there are smart tactics that governments and the industry can deploy to help this strategically important sector survive

By Fahad Badar

Just six years after the Covid-19 pandemic brought much travel and tourism to a halt, a comparable crisis is hitting the hospitality sector in the Gulf. The conflict that erupted on February 28 between the US and Israel against Iran resulted in a closure of airspace lasting a few weeks, bomb damage to infrastructure, fears over security and a consequent plunge in visitor numbers.

The response should be practical and immediate. Gulf governments can temporarily reduce tourism-related fees, licensing costs and event charges, while hotels shift marketing towards domestic and regional visitors. Airports can support airlines through temporary reductions in selected charges to protect connectivity, and governments can create

real demand by directing training programmes, conferences and official events to local hotels. A targeted refinancing fund, delivered through banks as interest-free soft loans, can also help viable hotels manage cash flow, provided the support is linked to job retention, cost control and clear operating plans. Tourism vouchers, faster event approvals, visa facilitation and temporary relief on utilities such as electricity, water and cooling would further reduce pressure on the sector.

More than half of scheduled flights in the region were cancelled in the first two weeks of the conflict. Airport hub traffic was down between 55% and 85%. The cost to tourism was running at an estimated \$600mn per day by mid-March, at the peak of the conflict. Airspace has been reopened since early May, but the effects linger. Flights have been re-routed from Middle East hub airports, and many tourists have preferred to take a vacation in the western Mediterranean. Prior to the conflict, airports in the Middle East handled 10-15% of global transit traffic.

Across the region, the estimated drop in arrivals is between 23mn and 38mn, with reduced visitor spending

of \$34bn-\$56bn. A hidden benefit from the Covid-19 crisis, however, is that there is relatively recent experience in how to cope with a sudden, huge and unexpected drop in the number of tourists.

There are measures that the sector can take, and there are smart policies that governments can adopt.

For the sector it has to be recognised that it may be some time before visitor numbers return to the levels of 2025, when numbers just for Qatar reached 5mn, up from 2mn five years before.

Hotels and tour operators will need to reduce the cost base. Marketing is best aimed at potential visitors in neighbouring countries, those in similar proximity to Iran. While visitors from India or Europe may be deterred from coming to the region owing to security concerns, those from other Gulf nations face the same or a similar situation at home. A strategic pivot towards local marketing, dynamic pricing and offering extended stays should help hotels and tour operators.

The near-closure of the Strait of Hormuz has resulted in elevated costs for aviation, and higher prices for flights, especially long-haul flights.

The oil price is estimated to remain at 10-15% higher until the end of 2027, impacting aviation fuel costs and completely changing the cost base for airlines.

Governments in the Gulf can play a major role. They recognise that tourism as a sector is of strategic importance in diversifying the economic base away from oil and gas, so there is a long-term economic case for supporting the sector.

Direct subsidies are not the smartest option, as they represent payment for no service in return, and can inhibit necessary restructuring and cost control. Better options are soft loans and putting government business the way of hotel operators.

A government could provide business directly, for example by block booking conference facilities for internal staff training or similar events, and booking rooms where government staff can enjoy a staycation. Gulf nations benefit from healthy fiscal balances, so affordability should not be a problem.

Jointly, the government and hospitality businesses can cooperate to create cultural or sporting events with the aim of attracting visitors. While marketing to neighbouring

Gulf nations may be the priority in the near to medium-term, it is also necessary both for the industry and for governments to emphasise in marketing messages internationally that the region remains relatively safe and attractive as a destination.

For Qatar, the stakes are high: Tourism has been effectively encouraged in line with Government policy to diversify away from oil and gas as export earners. Hosting the FIFA World Cup in 2022 gave a huge boost to the country's profile, and was associated with modernisation of infrastructure and investment in hotel facilities. Maintaining occupancy levels has been a challenge since the tournament ended, even before the start of the war. Some of the projects were debt-financed and, given the nature of preparing for such an important event with immovable deadlines, construction costs were high.

So the conflict came at a time when parts of the hospitality sector were not in the healthiest state. To assert that the current crisis is temporary may be true, but it is likely to last longer than some businesses can survive.

The Covid-19 pandemic and the disruption to supply chains caused



by the Russia-Ukraine conflict have resulted in international businesses prioritising resilience over leanness and efficiency. Much of this learning can be applied to the current situation. Tourism can recover in as little as two months from severe disruption, according to the World Travel and Tourism Council, but there is no certainty that the US-Iranian tension will be swiftly resolved, and hope is not a strategy. Switching to local marketing and extended stays, with government support, may be a necessary approach for some time to come.

■ The author is a Qatari banker, with many years of experience in the banking sector in senior positions.

Global airlines slash 2026 profit forecast on Middle East war

IATA cuts 2026 profit forecast on fuel costs and war disruption; Iran war drives up fuel bills, reroutes flights, hits margins; airlines expected to cut routes, keep fares high

Reuters

Rio de Janeiro

The global airline industry nearly halved its 2026 profit forecast on Sunday, citing conflict in the Middle East that has driven up fuel costs, disrupted key air corridors and exposed the fragility of a sector operating on thin margins.

The International Air Transport Association, which represents more than 370 airlines accounting for about 85% of global air traffic, said in its annual report that it now expects the industry to post a combined net profit of \$23bn in 2026, well below a previous projection of about \$41bn and down from \$45bn in 2025.

The downgrade underscores airlines' exposure to geopolitical shocks and fuel volatility, even as passenger demand remains resilient, planes are flying fuller and revenues are set to rise to more than \$1.1tn.

"There are two major factors: One is the significant increase in jet fuel prices, which has gone way higher than I think anybody would have expected, and then the disruption to the airlines in the Gulf region, so that combination has led us to reduce the forecast," IATA Director General Willie Walsh told Reuters at the group's annual meeting in Rio de Janeiro.

Walsh said he expects some smaller airlines to go bankrupt or be taken over by bigger carriers this year and next as higher fuel costs bite.

US low-cost carrier Spirit Airlines shut down last month, the first airline casualty of the Iran



Willie Walsh, director general of IATA.

war. Airlines are also expected to cut unprofitable routes to protect margins, while fares - which have surged since the start of the Iran war - are unlikely to fall soon, Walsh said.

"In an environment where demand remains pretty robust, but capacity comes down, that will likely lead to a situation where fares will remain elevated," Walsh said.

The Middle East conflict, triggered by US and Israeli airstrikes on Iran, has forced airlines to re-route flights around closed or restricted airspace, adding hours to some journeys, increasing fuel burn and straining already tight capacity.

At the same time, oil prices have surged on fears of supply disruption, pushing jet fuel prices sharply higher and widening refinery margins, leaving airlines facing a steep jump in their largest cost.

Gulf airlines such as Emirates, Qatar Airways and Etihad Airways face the greatest operational uncertainty after a near-complete shutdown of regional airspace at

the start of the conflict. Walsh said most regions should remain profitable, though at lower levels, while Middle East airlines are likely to slip into the red due to the conflict and weaker demand.

IATA expects airlines' fuel bill to surge to about \$350bn this year from roughly \$252bn in 2025, with fuel accounting for nearly a third of operating costs.

That is eroding profitability per passenger, with airlines now expected to earn about \$4.50 per passenger, roughly half last year's level.

On the upside, IATA expects industry revenues to rise 9.4% to around \$1.16tn this year, driven by steady travel demand, higher fares, and growing income from extras such as seat upgrades and onboard services.

Aircraft shortages are also squeezing the sector. Delivery delays at Boeing and Airbus are forcing airlines to keep older, less fuel-efficient planes in service for longer, raising maintenance bills and blunting efforts to improve margins, Walsh said.

Banco BPM proposes Monte Paschi deal to create Italy's second largest bank

Bloomberg

Milan

Banco BPM has proposed a merger of "equals" with Banca Monte dei Paschi di Siena Spa that would create Italy's second-largest banking group, with a market value of more than €50bn.

The lender said its board unanimously approved sending a letter to Monte Paschi expressing interest in opening talks on a negotiated combination, according to a statement on Sunday from Banco BPM.

The Milan-based bank didn't disclose any exchange ratio or financial terms for the proposed tie-up. A representative for Monte Paschi said the bank will not comment before the board meets to review the proposal. Italy government officials have been silent on the proposal so far.

The proposal is the latest twist in a two-year consolidation wave that's reshaped Italy's banking industry, as lenders seek greater scale to boost profitability.

The sector has been at the center of an intense round of deal-making with Monte Paschi taking over larger rival Mediobanca Spa, Banco BPM acquiring asset manager Anima Holding Spa, and UniCredit Spa unsuccessfully at-



A Banco BPM bank branch in Rome. Banco BPM has proposed a merger of "equals" with Banca Monte dei Paschi di Siena that would create Italy's second-largest banking group, with a market value of more than €50bn.

tempting to buy Banco BPM while also pursuing Germany's Commerzbank AG.

Banco BPM is already a shareholder in Monte Paschi, with a stake of about 3.7%. The lender voted in favor of Chief Executive Officer Luigi Lovaglio's reappointment at Monte Paschi's shareholder meeting earlier this year, a move viewed by investors as a sign of support for the Siena-based bank's management and strategy.

The vote also fueled speculation about closer ties between the two lenders as consolidation pressures intensified across

the industry. The proposed deal would generate more than €1.1bn (\$1.3bn) of pretax synergies, including over €650mn of cost savings and more than €450mn of revenue synergies, according to Banco BPM. It said execution risk would be limited given the complementary geographic footprints and business operations of the two lenders.

Banco BPM also said the transaction would fit alongside Monte Paschi's ongoing integration of Mediobanca, allowing for the coordinated development of the combined group's product factories.

UK to buy AI chips from British tech firms

Bloomberg

London

The UK will offer to buy artificial intelligence chips from technology companies in an effort to encourage them to stay in Britain, the Telegraph reported.

Technology Secretary Liz Kendall will outline plans to make "strategic purchases" of semiconductor equipment from UK-based companies in a speech at the London Tech Week conference this week, the paper said, citing draft outlines of the proposals.

The plans also involve ensuring companies have access to funding,

including from the taxpayer, and investing in skills so the firms can keep their workforces in Britain. In a speech at Bloomberg in January, Kendall said the government intended to plug £1bn (\$1.3bn) into expanding its AI research resource "by 20-fold." The initiative offers free public compute to businesses and researchers.

The UK has been grappling with how to remain a draw to its burgeoning tech companies, as well as how to become less reliant on overseas firms for procurement contracts. A recent report from lawmakers on the Science, Innovation and Technology Committee said that the US firm Palantir Technologies Inc should

not play such a significant role in the UK public sector, and warned of a growing reliance on a small number of providers including Microsoft Corp and Amazon Web Services.

Kendall said in her January speech: "We must, and we are, securing our own sovereign AI capability." "This is far too important a technology to depend entirely on other countries especially in areas like defense, financial services and health care," she added.

A number of promising UK tech companies have been snapped up by buyers overseas, with US semiconductor giant Qualcomm buying Alphaspace IP Group Plc for \$2.4bn last year.

Lithium bust is over but will battery metal boom again?

By Andy Home

London

The lithium market has sprung back to life after a three-year slump that left the battery metal languishing at rock-bottom prices for much of 2024 and 2025.

The CME lithium hydroxide contract has jumped by 86% since the start of the year and is trading back above \$20,000 per metric ton for the first time since late 2023. Lithium has a history of boom-and-bust pricing ever since it transitioned from being used in industrial lubricants to powering electric vehicles.

This time around, however, the boom may be less spectacular. Underlying demand growth remains strong but disappointing global EV sales in the first quarter have tempered expectations for this year.

Supply, on the other hand, should rise as higher prices lead to the reactivation of

projects that were halted during the bust years. Much, though, depends on one particular Chinese mine.

The catalyst for lithium's price recovery came in August, when Chinese battery giant Contemporary Amperex Technology (CATL) announced that it had suspended operations at its Jianxiwo mine in Jiangxi province after its mining licence expired. The news triggered a wave of speculative buying on the Guangzhou Futures Exchange.

At the height of the lithium fever in November, Guangzhou traded 27.0mn futures contracts and another 12.5mn option contracts, each representing one tonne of lithium carbonate. The global lithium market is growing fast but is still less than 2mn tons in size. It took several hikes in trading fees and margins and the imposition of position limits before the exchange tamed animal spirits.

What's noticeable, though, is that while trading volumes have dropped sharply so far this year, the price has remained elevated.

That says much about how important a part Jianxiwo plays in China's lithium supply dynamics. Jianxiwo has an annual nameplate capacity of 150,000 tons of lithium carbonate equivalent, making it one of the largest single lithium assets globally, according to consultancy Benchmark Mineral Intelligence (BMI).

CATL originally expected its licence to be renewed within three months. It is still waiting. The loss of output has served to accelerate a long-running drawdown in inventory along the Chinese processing chain. Lower stock cover has left lithium pricing more sensitive to any sign of further supply disruption such as Zimbabwe's unexpected raw materials export ban in February, subsequently replaced with a

new quota regime. The mine's closure has also raised questions about other operators clustered around the lithium hub of Yichun amid signs local regulators are taking a hard look at the mining sector. Jianxiwo is widely expected to return to action in the coming months. China isn't blessed with huge in-the-ground lithium resources and the mine is too important to domestic supply resilience to close permanently. But, to quote BMI, "The timing of resumption is the single largest swing factor in the price outlook over the next 24 months."

BMI thinks lithium is already over-priced and forecasts a "material decline" in the second half of the year as the shift to higher pricing incentivises the restart of capacity that was idled during the price slump. BNP Paribas agrees, arguing that prices "have derailed from fundamentals" thanks to over-exuberance in both futures pricing

and supply-chain order flow. The bank is forecasting continued supply surplus both this and next year, noting that surging battery demand for stationary storage is only partly mitigating slower growth in the larger EV market.

Even bulls such as Citi are cautious on timing. The bank's upside CME hydroxide target of \$32,000 per tonne comes with a three-month sell-by date and it expects lower prices next year, again due to the anticipated strong supply response. The broad consensus seems to be that any lithium boom will be short-lived and a shadow of previous price spikes. But everything still depends on how long it takes the Bureau of Natural Resources of Yichun in Jiangxi province to grant CATL its new mining licence.

■ Andy Home is a columnist for Reuters. The opinions expressed here are those of the author.